[Shri Satya Prakash Malaviya]

Sir, this Bill seeks to amend section 14 of the Customs Act, 1962. It has been mentioned in the Statement of Objects and Reasons of the Bill:

> "During the Tokyo Round of Multi-lateral Trade Negotiations under the GATT (1973-79), an Agreement on Implementation of Article VII of the GATT, also known as GATT Code of Valuation, was adopted. This Agreement lays down elaborate rules to provide for greater uniformity and certainty in the application of Article VII of the GATT for determining the value of imported goods. As India is a contracting party to this Agreement also, we are required to implement the said GATT Code of Valuation."

There has been an abnormal delay already. This delay should have been explained in the Statement of Objects and Reasons. Therefore, I have moved an amendment that this Bill be referred to a Select Committee of the House.

SHRI AJIT PANJA: For further delay.

SHRI SATYA PRAKASH MALAVIYA: You should have explained it in the Statement of Objects and Rasons of the Bill.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): I shall now put the amendment of Shri Malaviya to vote.

The amendment was negatived.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI AJIT PANJA: Sir, I beg to move:

"That the Bill be returned".

The question was put and the motion was adopted.

THE APPROPRIATION (No. 3) BILL 1988

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): Sir, I beg to move:

> "That the Appropriation Bill, 1988 to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1986, in excess of the amounts granted for those services and for that year, as passed by the Lok Sabha, be taken into consideration."

The Bill arises out of the Demands for Excess Grants relating to the year 1985-86. These Excess Demands were presented in pursuance of the recommendations of the Public Accounts Committee, Eighth Lok Sabha, in their 106th Report, the Committee have recommended regularisation of the excess expenditure under article 115(1) (b) of the Constitution and the Lok Sabha has already voted these Excess Demands on May 2, 1988. The details of these Excess Demands are available in the documents already circulated to Hon'ble Members.

Sir, I move.

The question was proposed.

SHRI K. G. MAHESWARAPPA (Karnataka): Mr. Vice-Chairman, Sir, this Appropriation Bill seeks the approval of Parliament for a sum of Rs. 248,33,38,949 crores. This relates

to the excess expenditure for the year ended 31st March, 1986. This Appropriation Bill ought to have been brought by the end of that particular financial year. It has been brought only by the end of March 1988. The practice in England is, whenever there is an excess expenditure, the executive gets the approval of the Parliament during that financial year itself. I may also point out that during 1986 two other Appropriation Bills were introduced. In fact, that is why they bifurcated it, the one for Rs. 1318 crores and the other for Rs. 3038 crores. This Bill should have come before the Parliament at least during 1987 if not during the year 1986 itself. The Government has failed in its duty in not bringing forward the Bill at the earliest point of time.

5.00 P.M.

Sir, normally drawing of the funds from the Consolidated Fund should be restricted. It is not at the whims and fancies of the executive. It is not a mere formal approval of the House for whatever additional and excess expenditure is incurred. This Consolidated Fund is not like a reservior so that the executive can have any number of outlets and draw funds whenever it wants and for whatever purposes. Unless there are compelling reasons, unless there is some emergency or unforeseen circumstances, the executive should not resort to this kind of expenditure and later come before Parliament for formal approval of the same. I strongly oppose this practice. In fact, when such Bills had come before the House earlier, one of the senior Members had strongly opposed this practice of frequently coming before the House for approval of the excess expenditure. It is not in conformity with the actual practice. This practice has not been encouraged in the British Parliament, but here it has become a normal practice.

I do not want to refer to the general issues with regard to financial matters because we have to confine ourselves to the Services for which the amounts are sought for. Here I would like to refer to the expenditure under the head 'interest paid'. The interest paid is Rs. 111,88,30,927. If you look to the economic conditions in the country, the interest and the internal borrowing by the Central Government are astonishing. Internal borrowing runs to about 7,000 crores and the total debt of this country is more than Rs. 1.3 lakh crores. The Central Government has no limits in borrowing. That is why inflation is there in this country, that is why the interest payment is so much and that is why you are seeking the approval of this House towards the interest payment.

So far as defence expenditure is concerned, you just escape. It appears, the Government takes it for granted that whatever proposal is brought before the House in the name of 'expenditure on defence' it will be approved. Already the defence expenditure is too much. I agree that there cannot be any restriction on this. We must have our internal and external security. They are important aspects. We are spending too much on defence expenditure. There should be some limit. Therefore this kind of expenditure and appropriation and supplementary demands should not be encouraged. Before budgeting itself, these things should have been foreseen and incorporated. After all the items mentioned in the Schedule relate to animal husbandry, textiles etc. In fact the textile crisis is so grave in this country and yet you never anticipated how much money you have to spend so far as textile industry is concerned and you have come out with supplementary demands! In other items of expenditure also I see no justification for approval. That too you have come before this House relating to expenditure for the financial year ending March 1986. Earlier there were two such Appropriation Bills to which this House gave approval for more than Rs. 41 crores. Therefore this practice, hereafter at least, should not be followed and every expenditure should

[Shri K. G. Maheswarappe]

be anticipated in Budget preparation. So, Sir, I strongly oppose this Bill.

With these words, I conclude.

SHRI CHIMANBHAI MEHTA (Gujarat): Sir, I rise to support this Appropriation Bill. But I would like to suggest that if due precautions are taken, then the expenditure that is charged on the Consolidated Fund of India can also be reduced in future and there are chances to raise the income also by reducing taxes. First I will suggest how to increase revenue while reducing taxes.

Sir, in the morning, there was a criticism against the Finance Minister that he had reduced the taxes on synthetics, mainly filament yarn and polyester staple fibre. Have we lost anything by reducing the taxes? This is the first question. The Finance Ministry can increase the revenue by reducing taxes I will give one example of that. The production of polyester filament yarn in January 1988 was 8,500 tonnes, the rate of excise was Rs. 83 and the monthly revenue collection was Rs. 71 crores. In February, the production was 8,000 tonnes—500 tonnes less, the excise rate was Rs. 83 and the revenue collection was Rs. 67 crores. In March, after 40 per cent reduction of excise in the case of polyester filament yarn, the delivery went up by 5,000 tonnes to 13,500 tonnes and the rate of taxation was reduced from Rs. 83 to Rs. 56, but the revenue collection went up to Rs. 76 crores. So have we gained or have we lost? In polyester staple fibre, the same thing has not happended. From Rs. 25, we reduced the rate to Rs. 15 per kg, but the effect is not seen in the market. In one item it is seen. In another item it is not felt. So, it should be studied properly and every reduction in tax should not be criticized as a concession to monopoly. In the morning the Finance Minister said that the per meter price of synthetic fabrics has been further reduced, from 50 paise to two rupees. On the one hand we are facing shortage of cotton in our industry and, on the other, the rise in the price of cotton is being felt by the mill sector. There is a big demand for Indian cotton in foreign countries. We are not exporting cotton. We are trying to curtail even the yarn export. And the farmers are asking why we are stopping the exports. But we are curtailing that export, curbing the production because we know that handlooms also is a very important sector of our industry. One crore of people are being maintained in the handloom sector. There is no proper coordination, I know, but we are consuming only 11 per cent of synthetic fabrics while in other parts of the world the consumption is 40 per cent. Pakistan is consuming six times more than we do. I do not want to dwell at length on this because I have spoken in the House before also and said that the higher price of our synthetics is attracting smuggling. That is also a fact today. Still, we have to review because we have increased our revenue.

I have said in the past also that if we once drastically reduce the excise—because from the sick industry we are collecting Rs. 2,000 crores per annum as excise—and reduce it in a big way, then we will earn more once the consumption increases—because there are various stages of excise, at raw meterial stage, at processing stage and so on. on.

Sir, this is the Appropriation Bill and, therefore, once again I would say that if you rationalize the tax structure, there is enough scope for improvement in tax collection. Twenty per cent of our GNP is going by way of tax evasion, which means that Rs. 50,000 crores are evaded in taxes and they are collecting a sum around that only. Now, if you can rationalize the tax structure then certainly you can curb this corruption.

Sir, it is worth recognizing that we are spending around 35 per cent of our gross national income on reinvestment by the State Governments and

the Centre. It is almost on par with the developed countries. Now is the result commensurate? The price rise here has gone above two digits. What is it in Japan? What is it in Germany? In Germany it is minus. There it is not inflation but deflation.

SHRI ASHIS SEN (West Bengal): Sir, I want to submit one point. We are discussing the Appropriation (No. 3) Bill. I have not been able to understand whatever has been spoken by my honourable friend there. On what subject is he deliberating upon? Is it on the Appropriation Bill or something else?

SHRI CHIMANBHAI MEHTA: I am speaking against misappropriation, and that is related to the Appropriation Bill.

THE VICE-CHAIRMAN (DR. R.K. PODDAR): Please conclude now.

SHRI CHIMANBHAI MEHTA: I understand; because ultimately...

...*(Interruptions)*...

THE VICE-CHAIRMAN (DR. R.K. PODDAR): Please go ahead.

SHRI CHIMANBHAI MEHTA: Thank you very much. It is very relevant. Now the price rise there, in those countries in the developed countries where the inflation was there some years ago of 11 per cent, has come down to 3, 4 per cent. In some countries it is less. In Germany, as I said, it is minus 2 points. Then, why is it increasing here? We are spending 35 per cent of our GNP. That means, we are investing that money with a view to raise more production and if more production is available, the prices should go down. But this is not happening because of the way in which we are tackling the production the way in which we are tackling the public sector, the way in which we are tackling the private sector. In all these things, corruption is one of the major factors.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Please conclude.

SHRI CHIMANBHAI MEHTA: I was hearing speeches on the Budget and the Finance Bill. But this is one of the central points of the Indian economy, not deficit financing. May be deficit financing or a high rate of public borrowing or lending by banks also leads to rising prices if there is no commensurate growth in production. Between the two Wars, 1914—18 and 1939—44 in India the price rise was just double, from 13 points to 27 points. After independence the price rise is ten times but our income has not grown to that length. Therefore one has to reconsider the entire aspect of planning.

What is the way of fighting against this corruption? So many times we have discussed this issue. But I will request the Minister that one of the ways to deal with it is labour participation also. We are just paying lip-sympathy to labour participation. But labour participation in industry and at a various other levels can create a new atmosphere because they would like to curb the corruption. But that is not happening. Corruption now is an all-round thing. Now it is not related to one party or a particular State. Yesterday I was hearing that there are 65 MLAs in the ruling party and there are 34 Ministers. What is happening in south, north, west, east India? Where are all these things now leading to? One has to consider seriously all these aspects.

I would request the Minister to consider that the prices rise can be curbed if we properly invest our money and get the commensurate result by way of production, if we curb corruption. These two things are not impossible. Otherwise, we will face an inflationary pressure which we are witnessing in the Latin American countries. India will not face that much that I am sure. But I want to know, even in the capitalist countries if the inflation and the price rise can be brought down significantly from 12 per cent in the developed countries, that is, in the European countries, to 4 per cent, then, why it should go up in our country.

THE VICE-CHAIRMAN (DR. R. K. PODDAR): Please conclude.

SHRI CHIMANBHAI MEHTA: There is no proper explanation for that. So, I would request the Minister that he should seriously think of raising revenue by reducing the taxes also seeing in the administration whether corruption can be curbed.

Thank you very much, Sir.

SHRI MOSTAFA BIN QUASEM (West Bengal): Hon. Vice-Chairman, Sir, at the outset let me congratulate you on your maiden appearance in the Chair as one of our hon. Vice-Chairmen.

I seek your permission to speak from here because of some personal inconvenience.

Sir, I don't think that the Bill is an innocuous one simply because it has been taken up for discussion at the fag end of the day. It is my personal opinion, and you will kindly endorse it, that more time should have been allowed to this Bill because this Bill seeks to meet a constitutional requirement in terms of articles 114(1) and 115 of the Indian Constitution to regularise the excess expenditure incurred by the Government in a particular financial year. The amount involved is not a meagre amount. It is to the tune of Rs. 250 crores. To be exact it is Rs. 248.33 crores. This excess expenditure relates to the financial year 1985-86. That is, already two financial years have passed. When we are in the course of a third financial year since then, the Government have dared to come forward before the Parliament to regularise one of its financial misdeeds. So, this is a very serious matter. The hon. Minister owes an explanation to this House why this inordinate delay has been made by the Government in coming forward with this piece of legislation.

This is not the first time that this House has been called to regularise excess expenditure by the Government.

SHRI SUKOMAL SEN (West Bengal): It is habitual.

SHRI JAGESH DESSAI (Maharashtra): In all the States the same thing is happening.

SHRI MOSTAFA BIN QUASEM: They consider it their money. So, they will spend. (*Interruptions*) This House is called upon to disturb its function.

I would just like to remind the hon. Minister that the Public Accounts Committee of the Parliament, in which almost every section of the House is represented, raised serious objections regarding this highly improper act of financial impropriety. Various departments and Ministries of the Government prefer to turn a deaf ear and close their eyes to the recommendations of the PAC. If the hon. Minister had cared to go through certain reports of the PAC, he would have notice that the Public Accounts Committee on a number of occasions in the past in its various reports has tried to impress upon the Government that the excess expenditure is tantamount to unauthorised expenditure and it betrays the lack of financial discipline. The Government does not care to pay any heed.

SHRI DIPEN GHOSH (West Bengal): The Government itself is unauthorised. (*Interruptions*)

SHRI MOSTAFA BIN QUASEM: I would like to point out, fortunately there was a declining trend in excess expenditure incurred by the Government before 1985-86, but this trend was reversed during 1985-86. You would kindly notice that a sizeable part of the total excess expenditure in 1985-86 was on account of pension payments by the Government. I would like to refer to Item No. 19 of Demands for Excess Grants, which refer to Defence Pension and it amounts to about Rs. 12.01 crores; and Item No. 36, which refers to general pension amounts to nearly Rs. 9.56 crores. I still fail to understand why an excess expenditure was necessary on these accounts when there was no element of uncertainty. The Government must have records of its own employees—who are there, who will be retiring when and after retirement what amount will be necessary towards pension payment. So, this sort of financial impropriety is frequently indulged in by the present Government. What is more distressing is

that the Ministries and departments incurred excess expenditure during 1985-86, even after they obtained Supplementary Grants and Appropriations to meet their additional expenditure, mostly at the fag-end of the financial year. That is even in the month of March, they obtained Supplementary Grants for meeting their additional expenditure. I would like to refer to Grant No. 12—Textiles, handlooms and handicrafts: In July 1985, the Ministry obtained Supplementary Grant of Rs. 45 crores and again in March, 1986, the Ministry got Supplementary Grant of Rs. 9.07 crores. Yet, the excess expenditure incurred was Rs. 1.93 crores. Again the Department of Telecommuniacations obtained Rs. 36 crores as supplementary grants in March, 1986. (*Time bell rings*) I would like to seek your indulgence to speak for two or three minutes more. It will be one of my privileges to get this time in your maiden appearance. In March, 1986 the excess expenditure incurred was Rs. 2.17 crores. Sir, I would just seek your indulgence once more to refer to the observations of the Committee. The reasons have been given by the Committee:

> "The Committee feels that the budget estimates were made without indepth examination of fund requirements by the Ministries giving rise to excess expenditure. Neither at the revised estimate stage nor at the supplementary grant stage could the Ministries assess their actual needs under various grants operated by them. Normally, all supplementary provisions are made at the fag-end of the year and the Ministries have sufficient time before the presentation of supplementary demands to the House to collect necessary data for accurately estimating their actual requirements. There should, therefore, be no reason for significant excess expenditure being incurred by the Government."

Sir, while scrutinising cases of excess expenditure, the Public Accounts Committee in its 106th Report had made a startling relevation. I would like to draw the attention of the hon. Members to that. On the one hand, there was an excessive expenditure during 1985-86 and on the other hand, there was large scale savings during the same year and the savings were to the tune of Rs. 19,419.10 crores. In this connection, the Committee found and this is my last quotation from the report of the Public Accounts Committee...

SHRI JAGESH DESAI: Is it Rs. 19,419.10 crores?

SHRI MOSTAFA BIN QUASEM: Yes. It has made a startling revelation. Therefore, I said that this is not an innocuout Bill. The Committee reports. I quote:

> "That supplementary grants were obtained in 129 items out of which the whole amount of supplementary grants remained unutilised in 24 cases. The Government obtained supplementary grants but in 24 cases, the whole amount which was sanctioned by the Parliament remained unutilised. Most of these savings which were in social and economic Ministries could have been usefully utilised in many areas of the economy. Besides these savings, the indicative of shortfall in performance."

This is the observation of the Public Accounts Committee. I think, the hon. Minister has gone through this sarcastic remark of the Public Accounts Committee. Sir, because of this in the hands of the present Government, budget has lost its sanctity. The Government have been making a mockery of the budget. Before launching the Budget you indulge in mobilising huge resources by hiking administered prices; by raising railway fare and freight charges, by making an increase in Posts and Telegraphs charges. Now you indulge in excess grants which the Public Accounts Committee has repeatedly been saying that it is unauthorised expenditure. You make excess expenditure even after obtaining supplementary grants at the fag end of the financial year. On the one hand, you make excess expenditure for a particular year and on the other hand you are having savings for that particular year. So, these are all acts of gross financial misdeeds. I cannot be a party to the misdeeds of the Government. Therefore, I strongly oppose this Bill.

SHRI V. NARAYANASAMY (Pondicherry): Mr. Vice-Chairman, Sir. I thank you for giving me this opportunity to speak on the Appropriation Bill. Sir, in this Bill the Government seeks the authority of the Parliament for the amount which has been spent in the financial year ended 31st March, 1986. Sir, I have gone through the figures quoted in the Appropriation Bill. The major expenses involved in this were for defence. About Rs. 92 crores have been spent from the Consolidated Fund of India, ending with 1986. There are reasons for the Government to spend more money. In 1985-86, we had allocated Rs. 8,000 crores for defence budget. Then for 1986-87, about Rs. 12,000 crores have been allocated for defence budget. Now Rs. 13,000 crores have been allocated for defence budget. Therefore, in the defence column, defence pension, defence services relating to the army, the air force about Rs .92 crores have been spent which is quite reasonable. We can very well see why the Government was forced to spend this money. We should find out the reason for it. We have China Pakistan, Bangladesh and Sri Lanka nearby our country. In respect of Pakistan I have quoted the figures also that Pakistan is having one army man for a population of 612 but in India, we have one army man for a population of 900. That is the actual ratio. As regards defence expenditure, Pakistan spends double the amount that we spend, I mean which we allocate in our Budget. But we can see that the United States is supplying arms and ammunition to Pakistan. Sir, we have seen the Shultz's agreement and the Symington agreement under which about 4.2 billion dollars aid has been released to Pakistan about six months back. AWACS planes have been given to Pakistan by the United States. Apart from that, for nuclear capability, Pakistan is trying to get all the equipments from the United States. One of the scientists from Pakistan has clearly said that Pakistan is fully equipped with unclear weapons. That being the case, it is our Government's duty to strengthen our armed forces, to strenghen our country so that we can fight back Pakistan forces whenever there is any crisis.

[The Vice-Chairman (Shri B. Satyanarayan Reddy) in the Chair]

Therefore, I find no reason for the other side to oppose this Government Bill on Appropriation.

Secondly, I would like to make two startling revelations. Sir, now several States are under the grip of financial crisis. Take the State of Karnataka, take the State of Kerala, those States are not in a position to pay salary to the Government servants. The Government servants have to wait for 15 days after rendering service to get their salaries. That amount due to them is to be paid normally on 29th or 30th of a month but they have to get their salaries on 10th or 11th of the next month. What is the propoganda that has been raised by the States against the Central Government? They have been telling that the Central Government is not sanctioning the money to the States. They are borrowing the money from the Central Government. They have to repay it to the Central Government. But after exhausting the amount which has been paid by the Central Government to the State Governments, they want more funds. When the Central Government refuses, they accuse the Central Government saying that the Central Government is not paying them the required money. The State Governments which are ruled by the Opposition parties, are trying to cast aspersion on the Central Government when they are not in a position to manage their own financial affairs in a better way. This should be taken care of. The people should know that it is only the defective planning by the State Governments which took them to debt trap. For that Central Government is not responsible. Then I quote the other example of 20-point programme implementation in the States. Sir, the implementation of 20-point programme—I am talking about all States. I am not differentiating between Congress-I-ruled States and Opposition-ruled States. What is happening in the States? are quoting so many figures. They say they

have achieved 95 per cent of the target. I am quoting only from the report of the Auditor-General of India. The figures which they quote do not tally with the figures of achievement quoted by the States, be it the NREP or the IRDP or the RLEGP or any other programme. The State Governments submit reports to the Central Government quoting figures and saying that they have achieved the targets. But the benefits have not actually gone to the poor man in the village, whether he is a Harijan or a person below the poverty line. What happens there? They say that they have achieved the target. But they have not achieved even half the target fixed. There is no machinery to check the developments that have taken place in the States under the 20-Point Programme. Another important aspect is that the State Governments are saying that it is their own programme. The Central Government is giving fifty per cent of the funds. But they claim that it is their programme or it is their Chief Ministers' programme, trying to gain political advantage out of even financial matters. This attitude should be condemned.

Now, I am coming to the textile industry. India's textile industry is in a shambles. The respected Member from the Telugu Desam party, Dr. Vijaya Mohan Reddy, put a very pertinent question this morning relating to the NTC. Whether it is the public sector or the private sector, mills have been closed. Out of 54 mills in Bombay, more than 30 have been closed. In the public sector, 24 of them are in a shambles. In the morning the hon. Minister was referring to the textile policy adopted by the Govenrment. They are appointing a Committee to go into the merits and demerits of it. Cotton prices have gone up. Workers are demanding more wakes. Private mills are closed because of fund exigencies. They could not get funds from banks.

SHRI K. G. MAHESWARAPPA: Because of the Central textile policy.

SHRI V. NARAYANASAMY: I will come to it. The standard of cloth is also not very good. The mills of the NTC could not cope with other private sector industries. NTC showrooms are there. But nobody goes there. People go either to Jiyaji or to Raymonds. How can the NTC earn profit? That is the actual position. Banks should lend money to viable units. It is said that when it is a question of taxtile industry they close their eyes and refuse assistance. How can the industry grow when there is no financial assistance to it? The Minister for Textiles said this morning that financial assistance is given to the industry. But banks are not providing the assistance to the NTC mill or any other mill. They close their eyes and do not provide assistance because the mills may become sick. It is high time that the Government review the policy and help the textile industry—the handloom sector, the powerloom sector and all sectors of the industry. The Government should have such a policy as would help the industry thrive.

Another aspect I would like to point out is relating to public sector units. Yesterday and earlier we had criticisms from Opposition leaders from various political parties that public sector undertakings are in the red and therefore, the Government should go for privatisation. I would submit, in this respect, that the public sector and the private sector have to grow side by side in our country. The public sector is the backbone of our country. In 1986-87 more than Rs. 61,000 crores was invested and the total turn-over was about Rs. 69.000 crores. In 1986-87 the profit was about Rs. 1769 crores, after tax. Apart from that even in 1987-88 with in a period of six months, they have earned a profit which is Rs. 59.79 crores less than the earlier amount, because of dearness allowance increase, etc. Even in the core sector, in steel, fertilizer, we sustaind losses. The public sector industries which

[Shri V. Narayanasamy]

finance the other public sector industries are petroleum industries, the Indian Oil Corporation, the National Thermal Power Corporation and the loss-incurring category consists of the DTC, the Fertilizer Corporation of India, etc. Therefore, such public sector undertakings have to be improved. They should not be removed from the scene. The performance of the public sector industries has to be improved. I quite agree on that. Therefore, I say that this Appropriation Bill is a must since it is a constitutional requirement and the amounts expended for the purpose of Defence are quite justified. With these words I conclude.

DR. YELAMANCHILI SIVAJI (Andhra Pradesh): Mr. Vice-Chairman, as has already been asked by an honourable Member earlier, I would like to know why there has been such an abnoraml delay in appropriating this amount. During the last thirty years there has been a galloping deficit and the honourable Minister may kindly clarify whether this amount also will be added to the deficit. All these Appropriation Bills show that the Union Government itself is very indisciplined in its financial management when at the same time day in and day out it goes on warning the State Governments to curtail their overdrafts and to regulate their deficit budgeting. In the Budget of 1988-89 we have seen that the deficit financing of the Union Government was as high as about Rs. 8000 crores while the overdrafts position of all the State Governments put together was not even Rs. 1500 crores. As for the Appropriation Bill most of the amount goes for debt servicing and other non-Plan expenditure. The per capita debt in this country is to the tune of Rs. 1500 and if the present situation continues, by 2000 AD I am very much afraid that we may not be in a position to meet any Plan expenditure and the entire amount will be spent for debt servicing as well as for non-Plan establishment only. And, as has been remarked by our frined, Mr. Quasem, the Central Budget has lost all its relevance; the Union Government is every now and then indulging in raising administered prices and indirectly coming out with so many mini-budgets enhancing excise and other duties. Now, whenever the adminirtered prices are raised, it is ultimately the State Governments that are hit. If the petrol prices are raised, it is the State road transport corporations which suffer. Whenever coal prices go up, it is the State Electricity Boards which are hit. Whenever fertilizer prices are hiked, again it is the State Governments which bear the brunt because bulk of the fertilizers are used by the State Government through their Agriculture Departments. Whenever cement or steel prices are hiked, it is yet again the housing activity, the construction activity, of the State Governments which is impaired. When such is the situation, the Union Government goes on preaching sermons to the State Government to adopt financial discipline. Therefore, through you, I would like to advise the Union Government to adpot itself financial discipline in its own matters first.

With these words I thank you for the opportunity given to me.

SHRI RAOOF VALIULLAH (Gujarat): Sir, I rise to support the Appropriation (No. 3) Bill, 1988. However, I would like to know from the Government what the extraordinary circumstances were in which these amounts became excess over the amounts granted for thosea services of that particular year. Actually, what we are now seized of in this House is the excess expenditure which has now been made over and above the budgetary allocations for the financial year 1985-86. This expenditure has to be regularised today by this House. As has been pointed out, this

issue has been raised and discussed by the Public Accounts Committee of Parliament. It has been noticed year after year that the Supplementary Grants are taken by the Ministry as late as March of the financial year and, in spite of that, there are expenditures. This means that even in March, when they had prepared the estimates for the Supplementary Grants, they were not able to know or to find out or to estimate as to how much expenditure they were going to make at the end of March. I think this is very serious and the honourable Finance Minister must clarify as to what made these Ministries go in for excess expenditure.

Sir, we find here that in the case of telecom services, the Department came forward in March 1986 for a Supplementary Grant of Rs. 36 crores. They ought to have made a study of their fund requirements. But they did not do that with the result that they have now come with an excess demand for Rs. 2.17 crores. The Government says that the Department had savings much more than the Supplementary Grants. If you take Rs. 50 crores as Supplementary Grants and then save Rs. 100 crores, then why ask for the grant at all? It shows that it has no idea of what expenditure ultimately it is going to incur at the end of the year. This shows that financial discipline particularly of those who had gone in for excess expenditure had been missing and if a Department does not come for a Supplementary Grant or it does not even spend that much of money, why should it come with the demand for excess expenditure? Sir, in the past few years, the Public Accounts Committee has brought this to the notice of the Government—in the last report it has been mentioned—that with savings of Rs. 19, 419 crores in the year 1985-86, the grants were not utilised. These unutilised savings represent the failure to use the money in the needy areas of the economy and this also represents, in other words, the shortfall in performance.

Sir, for the whole year there is a particular budget which is given to the Department or the Ministry. So, why do they come in the last month, in the month of March, in the last quarter, and ask for Supplementary Grants and still, after they put in the Supplementary Demands, why do they come for excess expenditure? Therefore, I would like to tell the honourable Minister of Finance that very serious attention must be paid to this aspect of the matter. There should be proper financial control and it should be constantly and closely watched. There should also be scrutiny of the amount spent, *vis-a-vis* the amount sanctioned and corrective measures must be taken promptly.

Sir, I would only like to point out about the pensions, general pension and Defence pension, in respect of which an excess amount of Rs. 21 crores has been asked. As rightly pointed out, pensioners are always numbered and the records are ready. I would like to know, therefore, from the hon. Minister what made the Defence Department to seek an excess expenditure of Rs. 12.1 crores as general pension and Rs. 9.56 crores for Defence pension. I would be really very happy if the hon. Minister gives us an explanation why this excess expenditure is incurred year after year. Thank you.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Mr. Vice-Chairman, Sir, the Government has come out with the Appropriation (No. 3) Bill, 1988, for the year ended on the 31st day of March, 1986. The other Members have pointed out that this Bill has been inordinately delayed. But my point in this connection would be that when we discussed the Appropriation No. 2. Bill the hon. Minister in his reply had stated, and I agree with him, that in a country like ours we may have a special provision but it is possible it may exceed or it may be lesser than that. I can understand that But when the second Bill also comes then it is definitely bad budgeting. And when the third Bill comes then it is off the rail. And I must say that the hon. Minister needs to pull up those officers who are not able to give the right thing. Sir, with regard this Bill, I can say that there are certain expenses which could easily have been envisaged.

[Shri Ghulam Rasool Matto]

while framing the Budget for that particular year. And if that has not been done, this is a clear case of bad budgeting or, alternatively, showing that lesser deficit at that particular point of time and coming on later and adding to the deficit. I cannot understand this. I would like the hon. Minister to tell me that if you take money on loan from any quarter, whether that be from the public or from foreign countries, you know that you have paid. Out of these Rs. 248 crores, Rs. 112 crores have been appropriated for interest alone. When I saw Appropriation Bill No. 2, I found that there also the interest was there. In Appropriation Bill No. 1 also, the interest was there. I would like to know from the hon. Minister how this sum of Rs. 112 crores could not be envisaged. The other hon. Members asked as to why this thing has happened. I do not say this. I want to know why this could not be envisaged at the time of the Budget.

Similarly, my friend, Mr. Raoof Valiullah has started about the Defence Service pension. The pension is a permanent liability. Unless the Defence Minister comes out that this was an additional pension or there was some hike in pension which could not be envisaged, I do not understand it. I would request the hon. Minister to tell us how and why this pension of Rs. 27 crores and Rs. 25 crores could not be envisaged at that time.

Similarly, as Mr. Raoof Valiullah has pointed out, it is not 21 crores. It is 2. odd crores. According to the papers it is 21 crores. If it is so, then it is on the high side. According to my paper, it is only 2.17 crores. This could be explained easily. I would like the hon. Minister to explain this expenditure of Rs. 112 crores. I would like to tell him that since last year the trend has been reversed and he should not come with the Appropriation Bills more than once a year. Then alone he can tighten his belt and keep himself within the limit of deficit financing as envisaged in the Budget. This is very essential. We should not exceed the budgetary deficit or the deficit which has been envisaged in the budget. With these remarks, I would like the hon. Minister to tell us how these Rs. 112 crores have been spent.

श्री कैलाश पति मिश्र (बिहार) : उपसभाध्यक्ष महोदय, एप्रोप्रिएशन बिल क्रमांक 2, क्रमांक 3 और समझ में नहीं आता है कि यह क्रमांक यहीं समाप्त हो रहा है या आगे भी यह चलेगा। अवस्था यह है कि देश का आर्थिक ढांचा देश को कहां ले जाकर खड़ा कर रहा है, सरकार उस पर कितना काबू पा रही है या सरकार उस पर क्या विचार कर रही है, कोई समेकित चित्र सामने नहीं आ रहा है। अभी यह बिल क्रमांक 3 में जो चित्र हमारे सामने आया है कुछ और इसके साथ चित्र मैं सामने रखना चाहता हूं। 1988-89 के बजट में नान-प्लान एक्सपेंडीचर में 16 प्रतिशत की वृद्धि है और प्लान बजट में 3 प्रतिशत की वृद्धि है। 14 हजार करोड़ का सूद पे करने का प्रावधान हम रखे हुए हैं और गति जिस प्रकार से बढ़ रही है उससे लगता है कि 10 साल के अन्दर 50 हजार करोड़ रुपया केवल सूद चुकाने के लिए हमको बजट में प्रावधान करना पड़ेगा, लगभग 9 हजार करोड़ का डेफिसिट फाइनांसिंग करने के बाद 2,358 करोड़ कैपिटल रिसीट का एमाउंट हम रेवेन्यू एक्सपेंडीचर के नाते इस प्रकार से उपयोग कर रहे हैं। महोदय, इसीलिए मैं कह रहा हूं कि आज कोई मान्यता फाइनांसियल इन्स्टीट्यूशन्स बनी हुई संस्थाओं की, उनका कोई उपयोग रह गया है? मैं तो यह कहना चाहता हूं कि पे रिवीज़न कमीशन का भी कोई उपयोग नहीं रह गया है। एक बार कर्मचारियों को जिस कठिनाई में से निकलना पड़ता है 5 साल, 7 साल, 8 साल के बाद पे-कमीशन बैठता है और तीन साल तक काम करता रहता है, फिर इसी बीच में अगर प्राइस राइज़ पर किसी प्रकार का कन्ट्रोल नहीं रहा तो पे रिवीज़न कमीशन अपनी अनुशंसा देने के बाद कैसे उन कर्मचारियों को सन्तुष्ट कर सकता है जिसका जीवन केवल बंधी बधाई तनख्वाह पर ही निर्भर करता है। प्राइस-इण्डेक्स आज बिल्कुल

6.00 P.M.

स्थिर किसी कीमत पर नहीं रह पाता जब टीका-टिप्पणी की जाती है राज्य-सरकारों के ऊपर और एक आश्चर्य लगता है, आखिर राज्य-सरकारों के हाथ में रेवेन्यू कितना है...(**समय की घंटी**)....आप जरा, दो-तीन मिनिट बोलने दीजिए।

उपसभाध्यक्ष (श्री बी० सत्यनारायण रेड्डी) : आपका नाम था नहीं, फिर भी आपको समय दिया है। आप समाप्त कीजिए।

श्री कैलाश पति मिश्र : मेरा नाम कैसे छूट गया, मेरी समझ में नहीं आ रहा।

उपसभाध्यक्ष (श्री बी० सत्यनारायण रेड्डी): आपने नाम नहीं भेजा था।... **(व्यवधान)**...

श्री कैलाश पति मिश्र : महोदय, रिसोर्सेज के सारे आधार केन्द्र सरकार के हाथ में हैं और काम करना पड़ता है राज्य सरकारों को, खेतों के ऊपर राज्य-सरकारों को पानी पहुंचाना है, अस्पतालों का स्टेट गवर्नमेंट को करना है, स्कूल-कॉलेज का स्टेट गवर्नमेंट को करना है, इण्डस्ट्रीज स्टेट गवर्नमेंट को चलानी है, जीवन के लगे हुए 99 प्रतिशत काम राज्य-सरकारों को करना पड़ते हैं और आय के स्रोत केन्द्र सरकार के पास हैं। सरकारियां कमीशन की रिपोर्ट आकर के सरकार की फाइल में पड़ी हुई है, वह संसद् में बहस के लिए क्यों नहीं आती, यह समझ में नही आता। बार-बार वार्निंग दी जाती है, धमकी दी जाती है कि आप डेफिसिट फाइनेंसिंग नहीं कर सकते हैं, आप ओवरड्रा नहीं कर सकते हैं। तो राज्य-सरकारें क्या करेंगी, मरेंगी क्या? आप प्राइस-इंडेक्स के आधार पर केन्द्रीय कर्मचारियों के वेतन बढ़ा देते हैं, भत्ता बढ़ा देते हैं, लेकिन राज्य के अंदर केन्द्रीय कर्मचारी भी रहता है, राज्य कर्मचारी भी रहता है और म्युनिसपल कर्मचारी भी रहता है। अगर केन्द्रीय कर्मचारी के लिए महंगाई भत्ते में वृद्धि होती है तो क्या राज्य-कर्मचारी बैठे-बैठे तमाशा देखते रहेंगे? क्या उनके लिए कोई अलग दुकान हैं, क्या उनके लिए कोई चीजों की कीमत अलग है? राज्य सरकारें तो केन्द्रीय सरकार की नीति के कारण घोर संकट में फंसती चली जा रही हैं और सब पर से केन्द्रीय सरकार का काबू पाना बिल्कुल समाप्त हो गया है। ...(**समय की घंटी**)...

कभी-कभी मुझे लगता है कि डेफिसिट फाइनेंसिंग, डेफिसिट फाइनेंसिंग करते-करते हालत यह हो जाएगी कि डेफिसिट फाइनेंसिंग पूरा करने के लिए कागज के नोट छापने के लिए, उस कागज के लिए भी सरकार के पास पैसा नहीं रहेगा और आप सरकार में रहेंगे, खजाना खाली रहेगा, देश का दिवाला निकल जाएगा और छोड़कर आपको ऐसे ही चल देना पड़ेगा।

SHRI B. K. GADHVI: Mr. Vice-Chairman, Sir, I quite see the point that there should be more Budgetary control and that there should be a realistic approach to the projections made by the various Ministries in projecting their requirements. And I would personally wish that there should be seldom an occasion when we should come for regularisation of the excess expenditure by way of this kind of Appropriation Bill. But, Sir, although theoretically and ideologically we may wish to have a particular situation, in a vast country like ours where various Departments have to meet the contingencies and exigencies of spending at a particular time, then it would not be proper on our part to think that such sort of excess expenditure should not happen at all. They do happen. And every year they are being regularised. This time I have come before the House for appropriation of an amount of Rs. 248 and odd crores out of which Rs. 228 crores and odd is in the area of interest and Defence. If we look to the totality, then the total excess expenditure for which I am seeking the approval of this House is 0.11 per cent. In terms of

[Shri B. K. Gadhvi]

percentage, it may not be quite big. But even then as I stated earlier, budgetary control and realistic projecions of the requirements are the need of the day and we are quite alive to the fact.

Sir, Members raised the point that there is delay in bringing this forward. I was surprised to hear that, because actually there is absolutely no delay at all. I wish that Members would kindly know the procedure. The procedure is that when excess expenditure is incurred in any year, then after the completion of accounts of that year, the matter has to go to the Public Accounts Committee. They have to scrutinise the expenditure, and then the Public Accounts Committee recommends the regularisation of the excess expenditure. Here in this case the Public Accounts Committee in its 106th report recommended the regularisation and the report was placed before the Lok Sabha on the 7th of March, 1988. Therefore, to say that this Bill ought to have been brought forward earlier this year or previous year is not the proper approach. Therefore so far as the delay part is concerned, there is absolutely no delay on the part of the Government because until this recommendation by the PAC had been made, the Bill could not have been brought forward.

Mr. Chimanbhai Mehta and some other hon. Members referred to various other broader aspects of the economy. I think we have discussed time and again the Budget, the Finance Bill and the Appopriation Bills and other things and a lot of areas have already been covered and canvassed by the Members. So this is hardly the time for me to answer all those things. Mr. Mehta also pointed out that there should be reduction in excise tariff on man-made fibres and other things. It will increase our revenue. It has also increased our revenue because we reduced it. The socio-economic aspect has also to be kept in view and we cannot have hundred per cent substitution of cotton yarn by man-made fibres because a lot of employment in handloom and powerloom sectors is there and the interest of the farmer has also to be borne in mind. A balance has to be struck. Merely to think in terms of gaining the revenue is I think a gospel of mammon which has been given a go by a long time ago. Now the concept of economics is not merely the gospel of mammon, it has got socio-economic concept also and that also we have to adhere to.

Sir, Mr. Valiullah asked me to explain why interest and other things. If we looked to these demands for grants, which are already placed on the Table, then I think for every excess expenditure the explanation has ben provided in this Demand for Excess Grants, 1985-86, which is placed on the Table of the House. However, for his benefit, I may say...

SHRI GHULAM. RASOOL MATTO: Mr. Vice-Chairman, Sir, on a point of order.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): What is your point of order?

SHRI GHULAM RASOOL MATTO: Sir, we get, what is called this Appropriation Bill No. 2, only a copy of that. But every time we do not get this paper.

SHRI B. K. GADHVI: We are laying it on the Table.

SHRI GHULAM RASOOL MATTO: Along with the Appropriation Bill if this Explanatory Memorandum is also distributed to the Members, then it will be benficial for the Members as well as the Government.

SHRI B. K. GADHVI: The details of the excess demands are available in the document already circulated.

SHRI GHULAM RASOOL MATTO: No, Sir.

SHRI B. K. GADHVI: I believe so, because we are laying it on the Table of the House.

SHRI GHULAM RASOOL MATTO: Only putting it on the Table of the House, not distributing.

SHRI B. K. GADHVI: It must have been circulated.

SHRI GHULAM RASOOL MATTO: No, Sir, I submit that this is what I want to bring to the notice of the Government, through you, that along with the Appropriation Bill the Explanatory Memorandum should also be circulated to the Members.

SHRI B.K. GADHVI: As I stated, out of this amount of Rs. 248.33 crores, Rs. 228.47 crores are in the area of interest and grants related to the Ministry of Defence. In fact, it is Rs. 111.88 crores on interest and or Defence, it is Rs. 116.59 crores. For that, explanation has been given. For interest payment, the excess was mainly attributable to payment of discount, interest on larger issue of Treasury bills, more deposits in savings, issue of more saving certificates, more collection in various small savings schemes, provision of provident fund, railway pension fund, etc. As to what would be the resource mobilisation for interest payments, could not be projected properly at that time and, therefore, we have come with these details. So far as telecom is concerned, it was much more in the area of land acquisition...

SHRI RAOOF VALIULLAH: They had asked for Rs. 36 crore as supplementary grants, in March 1986, and in ten days, they had excess expenditure of Rs. 2.16 crore.

SHRI B. K. GADHVI: When the accounts are finally made, only then one comes to know of the final figure. You cannot have reckoning of thousands of crores of rupees everyday on the credit and debit side. Therefore, when the accounts are finalised, only then we will come to know what is the excess expenditure and what is the saving. It goes to the PAC who see whether the excess expenditure is justified or not and only after it is okayed by them, it is brought before the House. That is the system.

By and large, I have dealt with the main points. And I would request that the House may approve it.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): The question is:

"That the Bill to provide for the authorisation of appropriation of moneys out of the Consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 1986, in excess of the amounts granted for those services and for that year, as passed by the Lok Sabha, be taken into consideration.

The motion was adopted.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 and 3 and the Schedule were added to the Bill.

Clause 1, the Enacting formula, and the Title were added to the Bill.

SHRI B. K. GADHVI: I move:

"That the Bill be returned."

The question was put and the motion was adopted.

STATEMENT BY MINISTER

I. Release of DA instalment to Central Government Employees

THE MINISTER OF FINANCE AND THE MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Sir, on the basis of the recommendations of the Fourth Central Pay Commission, as accepted by the Government for Groups 'A', 'B', 'C' and 'D' of Central Government employees, dearness allowance at the revised rates has become due for consideration with effect from 1-1-1988, on the basis of percentage increase in whole numbers in the twelve monthly average